

SECTION-BY-SECTION DESCRIPTION

Subtitle A -- Commodity Programs

Sec. 1101. Reduction of Commodity Program Payments

This section will reduce by 2.5 percent all payments that producers receive for the 2006 through 2010 crop years for the following commodities: wheat, corn, grain sorghum, barley, oats, upland cotton, extra long staple cotton, rice, soybeans, other oilseeds, wool, mohair, honey, dry peas, lentils, small chickpeas, unshorn pelts, silage, hay and peanuts. The Secretary will calculate the amount a producer is entitled to receive in direct payments, counter-cyclical payments, marketing loan gains, and loan deficiency payments and then reduce that amount by 2.5 percent. The reductions will not apply to payments made in the 2011 and subsequent crop years.

Beginning on October 1, 2005, and ending on September 30, 2007, payments received by dairy producers under the extended Milk Income Loss Contract (MILC) program will be reduced by 2.5 percent.

Sec. 1102. Forfeiture Penalty for Nonrecourse Sugar Loans

This section will assess a forfeiture penalty on nonrecourse sugar loans. The penalty will be equal to 1.2 percent of the applicable loan rate for sugarcane and sugar beets and applies to the 2006 through 2010 crops. The penalty will not apply to loans made in the 2011 and subsequent crop years.

Sec. 1103. Cotton Competitiveness Provisions

This section will eliminate the upland cotton Step 2 program as of August 1, 2006.

Sec. 1104. National Dairy Market Loss Payments

This section will extend the National Dairy Market Loss Payment program, also known as the Milk Income Loss Contract (MILC) program, through September 30, 2007. The payment factor will be reduced from 45 percent to 34 percent.

Sec. 1105. Advance Direct Payments

This section will reduce the amount a producer may receive in an advance direct payment from a maximum of 50 percent to 40 percent for the 2006 crop year and to 29 percent for each of the 2007 through 2011 crop years. The producer will still receive the full direct payment amount because the amount not advanced will be paid in the final direct payment (minus the 2.5 percent reduction required by Section 1101).

Subtitle B -- Conservation

Sec. 1201. Conservation Reserve Program (CRP)

This section will reduce the acreage cap from 39.2 million acres to 36.4 million acres through calendar year 2010. In 2011, the acreage cap will increase to 38.3 million acres. This section includes a provision to ensure that current contracts are honored.

Sec. 1202. Conservation Security Program (CSP)

This section will limit CSP expenditures to \$1.954 billion for fiscal years 2006 through 2010 and will increase the expenditure cap to \$5.2 billion for fiscal years 2006 through 2015.

Sec. 1203. Environmental Quality Incentives Program (EQIP)

This section will reduce funding for fiscal years 2006 through 2010. This provision will limit spending on EQIP to \$1.185 billion in fiscal year 2006 and \$1.270 billion in each of fiscal years 2007 through 2010. It will restore funding to \$1.3 billion in fiscal year 2011.

Subtitle C -- Miscellaneous

Sec. 1301. Initiative for Future Agriculture and Food Systems

This section will limit funding for the Initiative to \$104 million in fiscal year 2006 and \$130 million for each of fiscal years 2007 through 2010. It will restore funding to \$200 million in fiscal year 2011.